

BALL JANIK LLP

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KARL MORELL

AUG 30 '10 -4 04 PM

SURFACE TRANSPORTATION BOARD

kmorell@bjllp.com

August 27, 2010

E-FILE

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

Dear Ms. Brown:

Enclosed for efileing is the document described below to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Security Agreement, a primary document, dated as of August 25, 2010. Please record this document under the next available Recordation Number.

The name and address of the parties to the Memorandum of Security Agreement are:

Secured Party/Agent:

PNC Bank, National Association
As Administrative Agent for the Lenders
Debt Capital Markets – Loan Syndications, Origination & Structuring
1900 East 9th Street (Loc B7-YB13-08-8)
Cleveland, OH 44114

Grantors:

NORTH AMERICAN RAILWAY, INC.
NEBRASKA, KANSAS & COLORADO RAILWAY, INC.
ILLINOIS RAILWAY, INC.
OMNITRAX CANADA, INC.

BALL JANIK LLP

Ms. Cynthia Brown
August 27, 2010
Page 2

MARINE INVESTMENT COMPANY
SASKATCHEWAN INVESTMENT COMPANY
NORTHERN MANITOBA INVESTMENT COMPANY
HUDSON BAY INVESTMENT COMPANY
CHURCHILL INVESTMENT COMPANY
TRANSCANADA INVESTMENT COMPANY
OKANAGAN INVESTMENT COMPANY
BNS HOLDINGS, INC.
OMNITRAX, INC.
QUALITY MCS HOLDINGS, INC.
OMNITRAX HOLDINGS, LLC
MCS PROPERTIES, LLC
OMNITRAX LEASING LLC
GEORGIA WOODLANDS RAILROAD, L.L.C.
MANUFACTURERS' JUNCTION RAILWAY, L.L.C.
PANHANDLE NORTHERN RAILROAD, L.L.C.
THE NEWBURGH & SOUTH SHORE RAILROAD, INC.
NORTHERN OHIO & WESTERN RAILWAY, L.L.C.
CHICAGO RAIL LINK, L.L.C.
OMNITRAX LOCOMOTIVE SERVICES, LLC
OMNITRAX SWITCHING SERVICES, LLC
QUALITY TERMINAL SERVICES, L.L.C.
ALLIANCE TERMINAL RAILROAD, LLC
FULTON COUNTY RAILWAY, LLC
KETTLE FALLS HOLDINGS, LLC
KETTLE FALLS INTERNATIONAL RAILWAY, LLC
ALABAMA & TENNESSEE RIVER RAILWAY, LLC
LOVELAND LOCOMOTIVE WORKS, LLC
QUALITY AUTOMOTIVE SERVICES, LLC

252 Clayton Street, 4th Floor
Denver, CO 80206

A description of the equipment covered by the Memorandum of Security Agreement is **ALL NOW OWNED OR HEREAFTER ACQUIRED** personal property of Grantors.

Please apply the STB's recordation fee to Ball Janik's account. Please return copy by e-mail to:

BALL JANIK LLP

Ms. Cynthia Brown
August 27, 2010
Page 3

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
kmorell@bjllp.com

A short summary of the document to appear in the index follows: a Memorandum of Security Agreement between PNC Bank, N.A., in its capacity as Administrative Agent, and Grantors covering **ALL NOW OWNED OR HEREAFTER ACQUIRED** personal property of Grantors.

Sincerely,

A handwritten signature in black ink that reads "Karl Morell". The signature is written in a cursive, flowing style.

Karl Morell

AUG 30 '10 -4 04 PM.

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

This Memorandum of Security Agreement, made and entered into as of August 25, 2010, is by and between PNC BANK, NATIONAL ASSOCIATION, in its capacity as Administrative Agent for each of the Secured Parties ("Secured Party"), and the undersigned grantors (collectively, the "Grantors").

WITNESSETH:

Secured Party and Grantors have entered into that certain Security Agreement dated as of August 25, 2010, (the Security Agreement as amended, supplemented, amended and restated or otherwise modified from time to time, being hereafter called the "Security Agreement") and that certain Credit Agreement dated as of August 25, 2010, (the Credit Agreement as amended, supplemented, amended and restated or otherwise modified from time to time, being hereafter called the "Credit Agreement"), which Security Agreement is incorporated by reference herein, pursuant to which, among other things, Grantors have granted a lien and security interest in all of the personal property of Grantors, whether now owned or existing or hereafter created, acquired or arising in order to secure the performance of the Grantors' obligations under the Credit Agreement.


This Memorandum of Security Agreement may be executed by the parties in any number of counterparts, each executed counterpart constituting an original but altogether one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed by their respective officers duly authorized as of the date and year first above written.

SECURED PARTY:

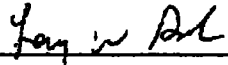
PNC Bank, National Association, as Administrative Agent

BY: 
Name: Todd Kestelack
Title: Vice President

Executed on this 25th day of August, 2010

GRANTORS:

NORTH AMERICAN RAILWAY, INC.
NEBRASKA, KANSAS & COLORADO RAILWAY, INC.
ILLINOIS RAILWAY, INC.
OMNITRAX CANADA, INC.
MARINE INVESTMENT COMPANY
SASKATCHEWAN INVESTMENT COMPANY
NORTHERN MANITOBA INVESTMENT COMPANY
HUDSON BAY INVESTMENT COMPANY
CHURCHILL INVESTMENT COMPANY
TRANSCANADA INVESTMENT COMPANY
OKANAGAN INVESTMENT COMPANY
BNS HOLDINGS, INC.


BY: 
Name: Larry W. Bush
Title: Secretary and Treasurer

Executed on this 25th day of August, 2010

OMNITRAX HOLDINGS, LLC
MCS PROPERTIES, LLC
OMNITRAX LEASING LLC
GEORGIA WOODLANDS RAILROAD, L.L.C.
MANUFACTURERS' JUNCTION RAILWAY, L.L.C.
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KETTLE FALLS INTERNATIONAL RAILWAY, LLC
ALABAMA & TENNESSEE RIVER RAILWAY, LLC
LOVELAND LOCOMOTIVE WORKS, LLC
QUALITY AUTOMOTIVE SERVICES, LLC

BY: 
Name: Thomas G. Mandula
Title: Manager

OMNITRAX, INC.
QUALITY MCS HOLDINGS, INC.

BY: 
Name: Thomas G. Mandula
Title: Secretary and Treasurer

Executed on this 25th day of August, 2010